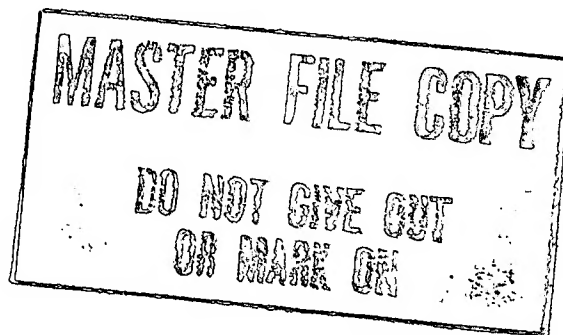


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SNIE 56-83

**AQUINO'S ASSASSINATION:
IMPLICATIONS FOR STABILITY
IN THE PHILIPPINES**

Information available as of 15 September 1983 was
used in the preparation of this Estimate.

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SCOPE NOTE

Benigno Aquino's assassination in Manila on 21 August 1983 has triggered new concerns both in the United States and abroad about the Philippines' near-term political stability. US security interests go beyond concern about access to Subic Bay Naval Base and Clark Airfield. US commercial banks have some \$6 billion in loans outstanding to the country and US private investment totals \$1.6 billion.

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This Special National Intelligence Estimate focuses on the political and economic repercussions since the assassination and the ability of the Marcos government to function effectively over the next six to nine months. During this period, President Reagan is scheduled to visit Manila, and the Philippines will hold National Assembly elections.

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KEY JUDGMENTS

The Marcos government has weathered the initial storm over Benigno Aquino's assassination, and its prospects for continuing to do so are reasonably good over the next few months. Aquino's death, however, will leave the domestic political environment, the country's external finances, and Philippine foreign relations unsettled for some time:

- A fair contest in the May 1984 National Assembly elections would be a major step in liberalizing politics and revitalizing the center of the political spectrum. However, opposition groups are weighing plans to boycott the elections and engage in civil disobedience instead of participating.
- The assassination could sour the government's already shaky external financial position, resulting in payments arrearages on the \$23 billion foreign debt. Even if the government handles financial decisions adroitly during the next six to nine months, foreign debt rescheduling now appears likely.
- The assassination has left government credibility severely shaken, and a commission appointed by Marcos to investigate Aquino's death is unlikely to restore public confidence. The full story behind the assassination remains unknown. Three possibilities as to the responsible element are: the government itself, Aquino's enemies from his home province, or the Communist New People's Army.

the Intelligence Community cannot make a judgment at this time about who bears ultimate responsibility.

Manila expects its relations with Washington to be adversely affected by the Aquino assassination over the short term:

- Manila fears that President Reagan will cancel his scheduled November visit at a time it needs the legitimizing effects that such a visit would confer.
- Manila almost certainly expects the recently concluded review of the US-Philippine Military Bases Agreement to undergo intensive scrutiny when the US Congress considers the \$900 million assistance package next year.

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- Manila probably expects increased Congressional criticism of its human rights policies. Ruling party officials already feel domestic pressure to make concessions to opposition groups, and they probably anticipate additional pressure from Washington.
- Manila may intensify its recent efforts to obtain emergency balance-of-payments assistance from Washington even though senior government officials, including Imelda Marcos, have already been told that Manila does not qualify for some forms of assistance.

Although the ruling party's strong political machine and the government's extensive security apparatus are capable of dealing with opposition activity and the Communist insurgent threat in the months ahead, Aquino's assassination and its aftermath have intensified long-standing concerns about the Philippines' stability:

- Communists may be the main beneficiaries of the assassination. They have already stepped up propaganda efforts in an effort to capitalize on Aquino's death, and these are producing gains in recruitment among the young. Over half the population is under 18 years of age.
- Marcos's health problems could recur. Even the suspicion he is in failing health will renew succession jockeying at the highest levels of the ruling party. An orderly succession thus remains in serious question.
- Unless he is implicated in Aquino's assassination, General Ver will remain the dominant figure in the defense establishment. He and the military more than ever figure to be key players in the post-Marcos era.
- A consequence of the country's foreign debt problems is that the economy will have difficulty recapturing its former growth momentum in the years ahead, complicating the domestic political picture.

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